



General Assembly

February Session, 2004

Substitute Bill No. 5040

* _____HB05040HS_APP031604_____*

**AN ACT CONCERNING REVISIONS TO HUMAN SERVICES
STATUTES AND PROGRAMS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (3) of subsection (a) of section 10-76d of the
2 general statutes, as amended by section 54 of public act 03-3 of the June
3 30 special session, is repealed and the following is substituted in lieu
4 thereof (*Effective from passage*):

5 (3) Beginning with the fiscal year ending June 30, 2004, the
6 Commissioner of Social Services shall make grant payments to local or
7 regional boards of education in amounts representing fifty per cent of
8 the federal portion of Medicaid claims processed for Medicaid eligible
9 special education and related services provided to Medicaid eligible
10 students in the school district based on the rate of federal financial
11 participation in effect on January 1, 2003. Such grant payments shall be
12 made on at least a quarterly basis and may represent estimates of
13 amounts due to local or regional boards of education. Any grant
14 payments made on an estimated basis, including payments made by
15 the Department of Education for the fiscal years prior to the fiscal year
16 ending June 30, 2000, shall be subsequently reconciled to grant
17 amounts due based upon filed and accepted Medicaid claims and
18 Medicaid rates. If, upon review, it is determined that a grant payment

19 or portion of a grant payment was made for ineligible or disallowed
20 Medicaid claims, the local or regional board of education shall
21 reimburse the Department of Social Services for any grant payment
22 amount received based upon ineligible or disallowed Medicaid claims.

23 Sec. 2. Subsection (a) of section 17b-112 of the general statutes, as
24 amended by section 1 of public act 03-28, section 5 of public act 03-268
25 and section 80 of public act 03-3 of the June 30 special session, is
26 repealed and the following is substituted in lieu thereof (*Effective from*
27 *passage*):

28 (a) The Department of Social Services shall administer a temporary
29 family assistance program under which cash assistance shall be
30 provided to eligible families in accordance with the temporary
31 assistance for needy families program, established pursuant to the
32 Personal Responsibility and Work Opportunity Reconciliation Act of
33 1996. Under the temporary family assistance program, benefits shall be
34 provided to a family for not longer than twenty-one months, except as
35 provided in subsections (b) and (c) of this section. For the purpose of
36 calculating said twenty-one-month time limit, months of assistance
37 received on and after January 1, 1996, pursuant to time limits under
38 the aid to families with dependent children program, shall be
39 included. For purposes of this section, "family" means one or more
40 individuals who apply for or receive assistance together under the
41 temporary family assistance program. If the commissioner determines
42 that federal law allows individuals not otherwise in an eligible covered
43 group for the temporary family assistance program to become covered,
44 such family may also, at the discretion of the commissioner, be
45 composed of (1) a pregnant woman, or (2) a parent, both parents or
46 other caretaker relative and at least one child who is under the age of
47 eighteen, or who is under the age of nineteen and a full-time student in
48 a secondary school or its equivalent. A caretaker relative shall be
49 related to the child or children by blood, marriage or adoption or shall
50 be the legal guardian of such a child or pursuing legal proceedings
51 necessary to achieve guardianship. If the commissioner elects to allow
52 state eligibility consistent with any change in federal law, the

53 commissioner may administratively transfer any qualifying family
54 cases under the cash assistance portion of the state-administered
55 general assistance program to the temporary family assistance
56 program without regard to usual eligibility and enrollment
57 procedures. If such families become an ineligible coverage group
58 under the federal law, the commissioner shall administratively transfer
59 such families back to the cash assistance portion of the state-
60 administered general assistance program without regard to usual
61 eligibility and enrollment procedures to the degree that such families
62 are eligible for the state program.

63 Sec. 3. Section 17b-340 of the general statutes, as amended by section
64 17 of public act 03-2, section 45 of public act 03-19 and section 50 of
65 public act 03-3 of the June 30 special session, is repealed and the
66 following is substituted in lieu thereof (*Effective from passage*):

67 (a) The rates to be paid by or for persons aided or cared for by the
68 state or any town in this state to licensed chronic and convalescent
69 nursing homes, chronic disease hospitals associated with chronic and
70 convalescent nursing homes, rest homes with nursing supervision and
71 to licensed residential care homes, as defined by section 19a-490, as
72 amended, and to residential facilities for the mentally retarded which
73 are licensed pursuant to section 17a-227, as amended, and certified to
74 participate in the Title XIX Medicaid program as intermediate care
75 facilities for the mentally retarded, for room, board and services
76 specified in licensing regulations issued by the licensing agency shall
77 be determined annually, except as otherwise provided in this
78 subsection, after a public hearing, by the Commissioner of Social
79 Services, to be effective July first of each year except as otherwise
80 provided in this subsection. Such rates shall be determined on a basis
81 of a reasonable payment for such necessary services, which basis shall
82 take into account as a factor the costs of such services. Cost of such
83 services shall include (1) reasonable costs mandated by collective
84 bargaining agreements with certified collective bargaining agents or
85 other agreements between the employer and employees, provided
86 "employees" shall not include persons employed as managers or chief

87 administrators or required to be licensed as nursing home
88 administrators, and (2) compensation for services rendered by
89 proprietors at prevailing wage rates, as determined by application of
90 principles of accounting as prescribed by said commissioner. Cost of
91 such services shall not include amounts paid by the facilities to
92 employees as salary, or to attorneys or consultants as fees, where the
93 responsibility of the employees, attorneys, or consultants is to
94 persuade or seek to persuade the other employees of the facility to
95 support or oppose unionization. Nothing in this subsection shall
96 prohibit inclusion of amounts paid for legal counsel related to the
97 negotiation of collective bargaining agreements, the settlement of
98 grievances or normal administration of labor relations. The
99 commissioner may, in his discretion, allow the inclusion of
100 extraordinary and unanticipated costs of providing services which
101 were incurred to avoid an immediate negative impact on the health
102 and safety of patients. The commissioner may, in his discretion, based
103 upon review of a facility's costs, direct care staff to patient ratio and
104 any other related information, revise a facility's rate for any increases
105 or decreases to total licensed capacity of more than ten beds or changes
106 to its number of licensed rest home with nursing supervision beds and
107 chronic and convalescent nursing home beds. The commissioner may
108 so revise a facility's rate established for the fiscal year ending June 30,
109 1993, and thereafter for any bed increases, decreases or changes in
110 licensure effective after October 1, 1989. Effective July 1, 1991, in
111 facilities which have both a chronic and convalescent nursing home
112 and a rest home with nursing supervision, the rate for the rest home
113 with nursing supervision shall not exceed such facility's rate for its
114 chronic and convalescent nursing home. All such facilities for which
115 rates are determined under this subsection shall report on a fiscal year
116 basis ending on the thirtieth day of September. Such report shall be
117 submitted to the commissioner by the thirty-first day of December. The
118 commissioner may reduce the rate in effect for a facility which fails to
119 report on or before such date by an amount not to exceed ten per cent
120 of such rate. The commissioner shall annually, on or before the
121 fifteenth day of February, report the data contained in the reports of

122 such facilities to the joint standing committee of the General Assembly
123 having cognizance of matters relating to appropriations. For the cost
124 reporting year commencing October 1, 1985, and for subsequent cost
125 reporting years, facilities shall report the cost of using the services of
126 any nursing pool employee by separating said cost into two categories,
127 the portion of the cost equal to the salary of the employee for whom
128 the nursing pool employee is substituting shall be considered a
129 nursing cost and any cost in excess of such salary shall be further
130 divided so that seventy-five per cent of the excess cost shall be
131 considered an administrative or general cost and twenty-five per cent
132 of the excess cost shall be considered a nursing cost, provided if the
133 total nursing pool costs of a facility for any cost year are equal to or
134 exceed fifteen per cent of the total nursing expenditures of the facility
135 for such cost year, no portion of nursing pool costs in excess of fifteen
136 per cent shall be classified as administrative or general costs. The
137 commissioner, in determining such rates, shall also take into account
138 the classification of patients or boarders according to special care
139 requirements or classification of the facility according to such factors
140 as facilities and services and such other factors as he deems reasonable,
141 including anticipated fluctuations in the cost of providing such
142 services. The commissioner may establish a separate rate for a facility
143 or a portion of a facility for traumatic brain injury patients who require
144 extensive care but not acute general hospital care. Such separate rate
145 shall reflect the special care requirements of such patients. If changes
146 in federal or state laws, regulations or standards adopted subsequent
147 to June 30, 1985, result in increased costs or expenditures in an amount
148 exceeding one-half of one per cent of allowable costs for the most
149 recent cost reporting year, the commissioner shall adjust rates and
150 provide payment for any such increased reasonable costs or
151 expenditures within a reasonable period of time retroactive to the date
152 of enforcement. Nothing in this section shall be construed to require
153 the Department of Social Services to adjust rates and provide payment
154 for any increases in costs resulting from an inspection of a facility by
155 the Department of Public Health. Such assistance as the commissioner
156 requires from other state agencies or departments in determining rates

157 shall be made available to him at his request. Payment of the rates
158 established hereunder shall be conditioned on the establishment by
159 such facilities of admissions procedures which conform with this
160 section, section 19a-533, as amended, and all other applicable
161 provisions of the law and the provision of equality of treatment to all
162 persons in such facilities. The established rates shall be the maximum
163 amount chargeable by such facilities for care of such beneficiaries, and
164 the acceptance by or on behalf of any such facility of any additional
165 compensation for care of any such beneficiary from any other person
166 or source shall constitute the offense of aiding a beneficiary to obtain
167 aid to which he is not entitled and shall be punishable in the same
168 manner as is provided in subsection (b) of section 17b-97. For the fiscal
169 year ending June 30, 1992, rates for licensed residential care homes and
170 intermediate care facilities for the mentally retarded may receive an
171 increase not to exceed the most recent annual increase in the Regional
172 Data Resources Incorporated McGraw-Hill Health Care Costs:
173 Consumer Price Index (all urban)-All Items. Rates for newly certified
174 intermediate care facilities for the mentally retarded shall not exceed
175 one hundred fifty per cent of the median rate of rates in effect on
176 January 31, 1991, for intermediate care facilities for the mentally
177 retarded certified prior to February 1, 1991. Notwithstanding any
178 provision of this section, the Commissioner of Social Services [shall not
179 adjust an annual] may increase a rate for a licensed chronic and
180 convalescent nursing home or a rest home with nursing supervision
181 [set for the fiscal years ending June 30, 2004, and June 30, 2005, for any
182 reason other than to: (1) Reflect a percentage increase in subsection (f)
183 of this section; (2) lower a rate; or (3) allow the inclusion of
184 extraordinary and unanticipated costs in accordance with this
185 subsection] if the department determines that the increase is necessary
186 to avoid a filing for bankruptcy protection, imposition of receivership
187 pursuant to sections 19a-541 to 19a-549, inclusive, as amended,
188 provided no rate shall be increased above one hundred and fifteen per
189 cent of the median rate for the facility's peer grouping, established
190 pursuant to subdivision (2) of subsection (f) of this section, unless
191 authorized by the Secretary of the Office of Policy and Management.

192 Such median rates shall be published annually not later than April first
193 of each year.

194 (b) The Commissioner of Social Services shall adopt regulations in
195 accordance with the provisions of chapter 54 to specify other allowable
196 services. For purposes of this section, other allowable services means
197 those services required by any medical assistance beneficiary residing
198 in such home or hospital which are not already covered in the rate set
199 by the commissioner in accordance with the provisions of subsection
200 (a) of this section.

201 (c) No facility subject to the requirements of this section shall accept
202 payment in excess of the rate set by the commissioner pursuant to
203 subsection (a) of this section for any medical assistance patient from
204 this or any other state. No facility shall accept payment in excess of the
205 reasonable and necessary costs of other allowable services as specified
206 by the commissioner pursuant to the regulations promulgated under
207 subsection (b) of this section for any public assistance patient from this
208 or any other state. Notwithstanding the provisions of this subsection,
209 the commissioner may authorize a facility to accept payment in excess
210 of the rate paid for a medical assistance patient in this state for a
211 patient who receives medical assistance from another state.

212 (d) In any instance where the Commissioner of Social Services finds
213 that a facility subject to the requirements of this section is accepting
214 payment for a medical assistance beneficiary in violation of subsection
215 (c) of this section, the commissioner shall proceed to recover through
216 the rate set for the facility any sum in excess of the stipulated per diem
217 and other allowable costs, as promulgated in regulations pursuant to
218 subsections (a) and (b) of this section. The commissioner shall make
219 the recovery prospectively at the time of the next annual rate
220 redetermination.

221 (e) Except as provided in this subsection, the provisions of
222 subsections (c) and (d) of this section shall not apply to any facility
223 subject to the requirements of this section, which on October 1, 1981,

224 (1) was accepting payments from the commissioner in accordance with
225 the provisions of subsection (a) of this section, (2) was accepting
226 medical assistance payments from another state for at least twenty per
227 cent of its patients, and (3) had not notified the commissioner of any
228 intent to terminate its provider agreement, in accordance with section
229 17b-271, provided no patient residing in any such facility on May 22,
230 1984, shall be removed from such facility for purposes of meeting the
231 requirements of this subsection. If the commissioner finds that the
232 number of beds available to medical assistance patients from this state
233 in any such facility is less than fifteen per cent the provisions of
234 subsections (c) and (d) of this section shall apply to that number of
235 beds which is less than said percentage.

236 (f) For the fiscal year ending June 30, 1992, the rates paid by or for
237 persons aided or cared for by the state or any town in this state to
238 facilities for room, board and services specified in licensing regulations
239 issued by the licensing agency, except intermediate care facilities for
240 the mentally retarded and residential care homes, shall be based on the
241 cost year ending September 30, 1989. For the fiscal years ending June
242 30, 1993, and June 30, 1994, such rates shall be based on the cost year
243 ending September 30, 1990. Such rates shall be determined by the
244 Commissioner of Social Services in accordance with this section and
245 the regulations of Connecticut state agencies promulgated by the
246 commissioner and in effect on April 1, 1991, except that:

247 (1) Allowable costs shall be divided into the following five cost
248 components: Direct costs, which shall include salaries for nursing
249 personnel, related fringe benefits and nursing pool costs; indirect costs,
250 which shall include professional fees, dietary expenses, housekeeping
251 expenses, laundry expenses, supplies related to patient care, salaries
252 for indirect care personnel and related fringe benefits; fair rent, which
253 shall be defined in accordance with subsection (f) of section 17-311-52
254 of the regulations of Connecticut state agencies; capital-related costs,
255 which shall include property taxes, insurance expenses, equipment
256 leases and equipment depreciation; and administrative and general
257 costs, which shall include maintenance and operation of plant

258 expenses, salaries for administrative and maintenance personnel and
259 related fringe benefits. The commissioner may provide a rate
260 adjustment for nonemergency transportation services required by
261 nursing facility residents. Such adjustment shall be a fixed amount
262 determined annually by the commissioner based upon a review of
263 costs and other associated information. Allowable costs shall not
264 include costs for ancillary services payable under Part B of the
265 Medicare program.

266 (2) Two geographic peer groupings of facilities shall be established
267 for each level of care, as defined by the Department of Social Services
268 for the determination of rates, for the purpose of determining
269 allowable direct costs. One peer grouping shall be comprised of those
270 facilities located in Fairfield County. The other peer grouping shall be
271 comprised of facilities located in all other counties.

272 (3) For the fiscal year ending June 30, 1992, per diem maximum
273 allowable costs for each cost component shall be as follows: For direct
274 costs, the maximum shall be equal to one hundred forty per cent of the
275 median allowable cost of that peer grouping; for indirect costs, the
276 maximum shall be equal to one hundred thirty per cent of the state-
277 wide median allowable cost; for fair rent, the amount shall be
278 calculated utilizing the amount approved by the Office of Health Care
279 Access pursuant to section 19a-638, as amended; for capital-related
280 costs, there shall be no maximum; and for administrative and general
281 costs, the maximum shall be equal to one hundred twenty-five per cent
282 of the state-wide median allowable cost. For the fiscal year ending June
283 30, 1993, per diem maximum allowable costs for each cost component
284 shall be as follows: For direct costs, the maximum shall be equal to one
285 hundred forty per cent of the median allowable cost of that peer
286 grouping; for indirect costs, the maximum shall be equal to one
287 hundred twenty-five per cent of the state-wide median allowable cost;
288 for fair rent, the amount shall be calculated utilizing the amount
289 approved by the Office of Health Care Access pursuant to section 19a-
290 638, as amended; for capital-related costs, there shall be no maximum;
291 and for administrative and general costs the maximum shall be equal

292 to one hundred fifteen per cent of the state-wide median allowable
293 cost. For the fiscal year ending June 30, 1994, per diem maximum
294 allowable costs for each cost component shall be as follows: For direct
295 costs, the maximum shall be equal to one hundred thirty-five per cent
296 of the median allowable cost of that peer grouping; for indirect costs,
297 the maximum shall be equal to one hundred twenty per cent of the
298 state-wide median allowable cost; for fair rent, the amount shall be
299 calculated utilizing the amount approved by the Office of Health Care
300 Access pursuant to section 19a-638, as amended; for capital-related
301 costs, there shall be no maximum; and for administrative and general
302 costs the maximum shall be equal to one hundred ten per cent of the
303 state-wide median allowable cost. For the fiscal year ending June 30,
304 1995, per diem maximum allowable costs for each cost component
305 shall be as follows: For direct costs, the maximum shall be equal to one
306 hundred thirty-five per cent of the median allowable cost of that peer
307 grouping; for indirect costs, the maximum shall be equal to one
308 hundred twenty per cent of the state-wide median allowable cost; for
309 fair rent, the amount shall be calculated utilizing the amount approved
310 by the Office of Health Care Access pursuant to section 19a-638, as
311 amended; for capital-related costs, there shall be no maximum; and for
312 administrative and general costs the maximum shall be equal to one
313 hundred five per cent of the state-wide median allowable cost. For the
314 fiscal year ending June 30, 1996, and any succeeding fiscal year, except
315 for the fiscal years ending June 30, 2000, and June 30, 2001, for facilities
316 with an interim rate in one or both periods, per diem maximum
317 allowable costs for each cost component shall be as follows: For direct
318 costs, the maximum shall be equal to one hundred thirty-five per cent
319 of the median allowable cost of that peer grouping; for indirect costs,
320 the maximum shall be equal to one hundred fifteen per cent of the
321 state-wide median allowable cost; for fair rent, the amount shall be
322 calculated utilizing the amount approved pursuant to section 19a-638,
323 as amended; for capital-related costs, there shall be no maximum; and
324 for administrative and general costs the maximum shall be equal to the
325 state-wide median allowable cost. For the fiscal years ending June 30,
326 2000, and June 30, 2001, for facilities with an interim rate in one or both

327 periods, per diem maximum allowable costs for each cost component
328 shall be as follows: For direct costs, the maximum shall be equal to one
329 hundred forty-five per cent of the median allowable cost of that peer
330 grouping; for indirect costs, the maximum shall be equal to one
331 hundred twenty-five per cent of the state-wide median allowable cost;
332 for fair rent, the amount shall be calculated utilizing the amount
333 approved pursuant to section 19a-638, as amended; for capital-related
334 costs, there shall be no maximum; and for administrative and general
335 costs, the maximum shall be equal to the state-wide median allowable
336 cost and such medians shall be based upon the same cost year used to
337 set rates for facilities with prospective rates. Costs in excess of the
338 maximum amounts established under this subsection shall not be
339 recognized as allowable costs, except that the Commissioner of Social
340 Services (A) may allow costs in excess of maximum amounts for any
341 facility with patient days covered by Medicare, including days
342 requiring coinsurance, in excess of twelve per cent of annual patient
343 days which also has patient days covered by Medicaid in excess of fifty
344 per cent of annual patient days; (B) may establish a pilot program
345 whereby costs in excess of maximum amounts shall be allowed for
346 beds in a nursing home which has a managed care program and is
347 affiliated with a hospital licensed under chapter 368v; and (C) may
348 establish rates whereby allowable costs may exceed such maximum
349 amounts for beds approved on or after July 1, 1991, which are
350 restricted to use by patients with acquired immune deficiency
351 syndrome or traumatic brain injury.

352 (4) For the fiscal year ending June 30, 1992, (A) no facility shall
353 receive a rate that is less than the rate it received for the rate year
354 ending June 30, 1991; (B) no facility whose rate, if determined pursuant
355 to this subsection, would exceed one hundred twenty per cent of the
356 state-wide median rate, as determined pursuant to this subsection,
357 shall receive a rate which is five and one-half per cent more than the
358 rate it received for the rate year ending June 30, 1991; and (C) no
359 facility whose rate, if determined pursuant to this subsection, would be
360 less than one hundred twenty per cent of the state-wide median rate,

361 as determined pursuant to this subsection, shall receive a rate which is
362 six and one-half per cent more than the rate it received for the rate year
363 ending June 30, 1991. For the fiscal year ending June 30, 1993, no
364 facility shall receive a rate that is less than the rate it received for the
365 rate year ending June 30, 1992, or six per cent more than the rate it
366 received for the rate year ending June 30, 1992. For the fiscal year
367 ending June 30, 1994, no facility shall receive a rate that is less than the
368 rate it received for the rate year ending June 30, 1993, or six per cent
369 more than the rate it received for the rate year ending June 30, 1993.
370 For the fiscal year ending June 30, 1995, no facility shall receive a rate
371 that is more than five per cent less than the rate it received for the rate
372 year ending June 30, 1994, or six per cent more than the rate it received
373 for the rate year ending June 30, 1994. For the fiscal years ending June
374 30, 1996, and June 30, 1997, no facility shall receive a rate that is more
375 than three per cent more than the rate it received for the prior rate
376 year. For the fiscal year ending June 30, 1998, a facility shall receive a
377 rate increase that is not more than two per cent more than the rate that
378 the facility received in the prior year. For the fiscal year ending June
379 30, 1999, a facility shall receive a rate increase that is not more than
380 three per cent more than the rate that the facility received in the prior
381 year and that is not less than one per cent more than the rate that the
382 facility received in the prior year, exclusive of rate increases associated
383 with a wage, benefit and staffing enhancement rate adjustment added
384 for the period from April 1, 1999, to June 30, 1999, inclusive. For the
385 fiscal year ending June 30, 2000, each facility, except a facility with an
386 interim rate or replaced interim rate for the fiscal year ending June 30,
387 1999, and a facility having a certificate of need or other agreement
388 specifying rate adjustments for the fiscal year ending June 30, 2000,
389 shall receive a rate increase equal to one per cent applied to the rate the
390 facility received for the fiscal year ending June 30, 1999, exclusive of
391 the facility's wage, benefit and staffing enhancement rate adjustment.
392 For the fiscal year ending June 30, 2000, no facility with an interim rate,
393 replaced interim rate or scheduled rate adjustment specified in a
394 certificate of need or other agreement for the fiscal year ending June
395 30, 2000, shall receive a rate increase that is more than one per cent

396 more than the rate the facility received in the fiscal year ending June
397 30, 1999. For the fiscal year ending June 30, 2001, each facility, except a
398 facility with an interim rate or replaced interim rate for the fiscal year
399 ending June 30, 2000, and a facility having a certificate of need or other
400 agreement specifying rate adjustments for the fiscal year ending June
401 30, 2001, shall receive a rate increase equal to two per cent applied to
402 the rate the facility received for the fiscal year ending June 30, 2000,
403 subject to verification of wage enhancement adjustments pursuant to
404 subdivision (15) of this subsection. For the fiscal year ending June 30,
405 2001, no facility with an interim rate, replaced interim rate or
406 scheduled rate adjustment specified in a certificate of need or other
407 agreement for the fiscal year ending June 30, 2001, shall receive a rate
408 increase that is more than two per cent more than the rate the facility
409 received for the fiscal year ending June 30, 2000. For the fiscal year
410 ending June 30, 2002, each facility shall receive a rate that is two and
411 one-half per cent more than the rate the facility received in the prior
412 fiscal year. For the fiscal year ending June 30, 2003, each facility shall
413 receive a rate that is two per cent more than the rate the facility
414 received in the prior fiscal year, except that such increase shall be
415 effective January 1, 2003, and such facility rate in effect for the fiscal
416 year ending June 30, 2002, shall be paid for services provided until
417 December 31, 2002, except any facility that would have been issued a
418 lower rate effective July 1, 2002, than for the fiscal year ending June 30,
419 2002, due to interim rate status or agreement with the department shall
420 be issued such lower rate effective July 1, 2002, and have such rate
421 increased two per cent effective June 1, 2003. For the fiscal year ending
422 June 30, 2004, rates in effect for the period ending June 30, 2003, shall
423 remain in effect, except any facility that would have been issued a
424 lower rate effective July 1, 2003, than for the fiscal year ending June 30,
425 2003, due to interim rate status or agreement with the department shall
426 be issued such lower rate effective July 1, 2003. For the fiscal year
427 ending June 30, 2005, rates in effect for the period ending June 30, 2004,
428 shall remain in effect until December 31, 2004, except any facility that
429 would have been issued a lower rate effective July 1, 2004, than for the
430 fiscal year ending June 30, 2004, due to interim rate status or

431 agreement with the department shall be issued such lower rate
432 effective July 1, 2004. Effective January 1, 2005, each facility shall
433 receive a rate that is one per cent greater than the rate in effect
434 December 31, 2004. The Commissioner of Social Services shall add fair
435 rent increases to any other rate increases established pursuant to this
436 subdivision for a facility which has undergone a material change in
437 circumstances related to fair rent.

438 (5) For the purpose of determining allowable fair rent, a facility with
439 allowable fair rent less than the twenty-fifth percentile of the state-
440 wide allowable fair rent shall be reimbursed as having allowable fair
441 rent equal to the twenty-fifth percentile of the state-wide allowable fair
442 rent, provided for the fiscal years ending June 30, 1996, and June 30,
443 1997, the reimbursement may not exceed the twenty-fifth percentile of
444 the state-wide allowable fair rent for the fiscal year ending June 30,
445 1995. On and after July 1, 1998, the Commissioner of Social Services
446 may allow minimum fair rent as the basis upon which reimbursement
447 associated with improvements to real property is added. Beginning
448 with the fiscal year ending June 30, 1996, any facility with a rate of
449 return on real property other than land in excess of eleven per cent
450 shall have such allowance revised to eleven per cent. Any facility or its
451 related realty affiliate which finances or refinances debt through bonds
452 issued by the State of Connecticut Health and Education Facilities
453 Authority shall report the terms and conditions of such financing or
454 refinancing to the Commissioner of Social Services within thirty days
455 of completing such financing or refinancing. The Commissioner of
456 Social Services may revise the facility's fair rent component of its rate
457 to reflect any financial benefit the facility or its related realty affiliate
458 received as a result of such financing or refinancing, including, but not
459 limited to, reductions in the amount of debt service payments or
460 period of debt repayment. The commissioner shall allow actual debt
461 service costs for bonds issued by the State of Connecticut Health and
462 Educational Facilities Authority if such costs do not exceed property
463 costs allowed pursuant to subsection (f) of section 17-311-52 of the
464 regulations of Connecticut state agencies, provided the commissioner

465 may allow higher debt service costs for such bonds for good cause. For
466 facilities which first open on or after October 1, 1992, the commissioner
467 shall determine allowable fair rent for real property other than land
468 based on the rate of return for the cost year in which such bonds were
469 issued. The financial benefit resulting from a facility financing or
470 refinancing debt through such bonds shall be shared between the state
471 and the facility to an extent determined by the commissioner on a case-
472 by-case basis and shall be reflected in an adjustment to the facility's
473 allowable fair rent.

474 (6) A facility shall receive cost efficiency adjustments for indirect
475 costs and for administrative and general costs if such costs are below
476 the state-wide median costs. The cost efficiency adjustments shall
477 equal twenty-five per cent of the difference between allowable
478 reported costs and the applicable median allowable cost established
479 pursuant to this subdivision.

480 (7) For the fiscal year ending June 30, 1992, allowable operating
481 costs, excluding fair rent, shall be inflated using the Regional Data
482 Resources Incorporated McGraw-Hill Health Care Costs: Consumer
483 Price Index (all urban)-All Items minus one and one-half per cent. For
484 the fiscal year ending June 30, 1993, allowable operating costs,
485 excluding fair rent, shall be inflated using the Regional Data Resources
486 Incorporated McGraw-Hill Health Care Costs: Consumer Price Index
487 (all urban)-All Items minus one and three-quarters per cent. For the
488 fiscal years ending June 30, 1994, and June 30, 1995, allowable
489 operating costs, excluding fair rent, shall be inflated using the Regional
490 Data Resources Incorporated McGraw-Hill Health Care Costs:
491 Consumer Price Index (all urban)-All Items minus two per cent. For
492 the fiscal year ending June 30, 1996, allowable operating costs,
493 excluding fair rent, shall be inflated using the Regional Data Resources
494 Incorporated McGraw-Hill Health Care Costs: Consumer Price Index
495 (all urban)-All Items minus two and one-half per cent. For the fiscal
496 year ending June 30, 1997, allowable operating costs, excluding fair
497 rent, shall be inflated using the Regional Data Resources Incorporated
498 McGraw-Hill Health Care Costs: Consumer Price Index (all urban)-All

499 Items minus three and one-half per cent. For the fiscal year ending
500 June 30, 1992, and any succeeding fiscal year, allowable fair rent shall
501 be those reported in the annual report of long-term care facilities for
502 the cost year ending the immediately preceding September thirtieth.
503 The inflation index to be used pursuant to this subsection shall be
504 computed to reflect inflation between the midpoint of the cost year
505 through the midpoint of the rate year. The Department of Social
506 Services shall study methods of reimbursement for fair rent and shall
507 report its findings and recommendations to the joint standing
508 committee of the General Assembly having cognizance of matters
509 relating to human services on or before January 15, 1993.

510 (8) On and after July 1, 1994, costs shall be rebased no more
511 frequently than every two years and no less frequently than every four
512 years, as determined by the commissioner. The commissioner shall
513 determine whether and to what extent a change in ownership of a
514 facility shall occasion the rebasing of the facility's costs.

515 (9) The method of establishing rates for new facilities shall be
516 determined by the commissioner in accordance with the provisions of
517 this subsection.

518 (10) Rates determined under this section shall comply with federal
519 laws and regulations.

520 (11) For the fiscal year ending June 30, 1992, and any succeeding
521 fiscal year, one-half of the initial amount payable in June by the state to
522 a facility pursuant to this subsection shall be paid to the facility in June
523 and the balance of such amount shall be paid in July.

524 (12) Notwithstanding the provisions of this subsection, interim rates
525 issued for facilities on and after July 1, 1991, shall be subject to
526 applicable fiscal year cost component limitations established pursuant
527 to subdivision (3) of this subsection.

528 (13) A chronic and convalescent nursing home having an ownership
529 affiliation with and operated at the same location as a chronic disease

530 hospital may request that the commissioner approve an exception to
531 applicable rate-setting provisions for chronic and convalescent nursing
532 homes and establish a rate for the fiscal years ending June 30, 1992,
533 and June 30, 1993, in accordance with regulations in effect June 30,
534 1991. Any such rate shall not exceed one hundred sixty-five per cent of
535 the median rate established for chronic and convalescent nursing
536 homes established under this section for the applicable fiscal year.

537 (14) For the fiscal year ending June 30, 1994, and any succeeding
538 fiscal year, for purposes of computing minimum allowable patient
539 days, utilization of a facility's certified beds shall be determined at a
540 minimum of ninety-five per cent of capacity, except for new facilities
541 and facilities which are certified for additional beds which may be
542 permitted a lower occupancy rate for the first three months of
543 operation after the effective date of licensure.

544 (15) The Commissioner of Social Services shall adjust facility rates
545 from April 1, 1999, to June 30, 1999, inclusive, by a per diem amount
546 representing each facility's allocation of funds appropriated for the
547 purpose of wage, benefit and staffing enhancement. A facility's per
548 diem allocation of such funding shall be computed as follows: (A) The
549 facility's direct and indirect component salary, wage, nursing pool and
550 allocated fringe benefit costs as filed for the 1998 cost report period
551 deemed allowable in accordance with this section and applicable
552 regulations without application of cost component maximums
553 specified in subdivision (3) of this subsection shall be totalled; (B) such
554 total shall be multiplied by the facility's Medicaid utilization based on
555 the 1998 cost report; (C) the resulting amount for the facility shall be
556 divided by the sum of the calculations specified in subparagraphs (A)
557 and (B) of this subdivision for all facilities to determine the facility's
558 percentage share of appropriated wage, benefit and staffing
559 enhancement funding; (D) the facility's percentage share shall be
560 multiplied by the amount of appropriated wage, benefit and staffing
561 enhancement funding to determine the facility's allocated amount; and
562 (E) such allocated amount shall be divided by the number of days of
563 care paid for by Medicaid on an annual basis including days for

564 reserved beds specified in the 1998 cost report to determine the per
565 diem wage and benefit rate adjustment amount. The commissioner
566 may adjust a facility's reported 1998 cost and utilization data for the
567 purposes of determining a facility's share of wage, benefit and staffing
568 enhancement funding when reported 1998 information is not
569 substantially representative of estimated cost and utilization data for
570 the fiscal year ending June 30, 2000, due to special circumstances
571 during the 1998 cost report period including change of ownership with
572 a part year cost filing or reductions in facility capacity due to facility
573 renovation projects. Upon completion of the calculation of the
574 allocation of wage, benefit and staffing enhancement funding, the
575 commissioner shall not adjust the allocations due to revisions
576 submitted to previously filed 1998 annual cost reports. In the event
577 that a facility's rate for the fiscal year ending June 30, 1999, is an
578 interim rate or the rate includes an increase adjustment due to a rate
579 request to the commissioner or other reasons, the commissioner may
580 reduce or withhold the per diem wage, benefit and staffing
581 enhancement allocation computed for the facility. Any enhancement
582 allocations not applied to facility rates shall not be reallocated to other
583 facilities and such unallocated amounts shall be available for the costs
584 associated with interim rates and other Medicaid expenditures. The
585 wage, benefit and staffing enhancement per diem adjustment for the
586 period from April 1, 1999, to June 30, 1999, inclusive, shall also be
587 applied to rates for the fiscal years ending June 30, 2000, and June 30,
588 2001, except that the commissioner may increase or decrease the
589 adjustment to account for changes in facility capacity or operations.
590 Any facility accepting a rate adjustment for wage, benefit and staffing
591 enhancements shall apply payments made as a result of such rate
592 adjustment for increased allowable employee wage rates and benefits
593 and additional direct and indirect component staffing. Adjustment
594 funding shall not be applied to wage and salary increases provided to
595 the administrator, assistant administrator, owners or related party
596 employees. Enhancement payments may be applied to increases in
597 costs associated with staffing purchased from staffing agencies
598 provided such costs are deemed necessary and reasonable by the

599 commissioner. The commissioner shall compare expenditures for
600 wages, benefits and staffing for the 1998 cost report period to such
601 expenditures in the 1999, 2000 and 2001 cost report periods to verify
602 whether a facility has applied additional payments to specified
603 enhancements. In the event that the commissioner determines that a
604 facility did not apply additional payments to specified enhancements,
605 the commissioner shall recover such amounts from the facility through
606 rate adjustments or other means. The commissioner may require
607 facilities to file cost reporting forms, in addition to the annual cost
608 report, as may be necessary, to verify the appropriate application of
609 wage, benefit and staffing enhancement rate adjustment payments. For
610 the purposes of this subdivision, "Medicaid utilization" means the
611 number of days of care paid for by Medicaid on an annual basis
612 including days for reserved beds as a percentage of total resident days.

613 (16) The interim rate established to become effective upon sale of
614 any licensed chronic and convalescent home or rest home with nursing
615 supervision for which a receivership has been imposed pursuant to
616 sections 19a-541 to 19a-549, inclusive, as amended, or which is being
617 operated under federal bankruptcy protection shall not exceed the rate
618 in effect for the facility at the time of the imposition of the receivership
619 or commencement of the federal bankruptcy proceeding, subject to any
620 annual increases permitted by this section; provided if such rate is less
621 than the median rate for the facility's peer grouping, as defined in
622 subdivision (2) of this subsection, the Commissioner of Social Services
623 may, in the commissioner's discretion, establish an increased rate for
624 the facility not to exceed such median rate unless the Secretary of the
625 Office of Policy and Management, after review of area nursing facility
626 bed availability and other pertinent factors, authorizes the
627 Commissioner of Social Services to establish a rate higher than the
628 median rate.

629 (g) For the fiscal year ending June 30, 1993, any intermediate care
630 facility for the mentally retarded with an operating cost component of
631 its rate in excess of one hundred forty per cent of the median of
632 operating cost components of rates in effect January 1, 1992, shall not

633 receive an operating cost component increase. For the fiscal year
634 ending June 30, 1993, any intermediate care facility for the mentally
635 retarded with an operating cost component of its rate that is less than
636 one hundred forty per cent of the median of operating cost
637 components of rates in effect January 1, 1992, shall have an allowance
638 for real wage growth equal to thirty per cent of the increase
639 determined in accordance with subsection (q) of section 17-311-52 of
640 the regulations of Connecticut state agencies, provided such operating
641 cost component shall not exceed one hundred forty per cent of the
642 median of operating cost components in effect January 1, 1992. Any
643 facility with real property other than land placed in service prior to
644 October 1, 1991, shall, for the fiscal year ending June 30, 1995, receive a
645 rate of return on real property equal to the average of the rates of
646 return applied to real property other than land placed in service for the
647 five years preceding October 1, 1993. For the fiscal year ending June 30,
648 1996, and any succeeding fiscal year, the rate of return on real property
649 for property items shall be revised every five years. The commissioner
650 shall, upon submission of a request, allow actual debt service,
651 comprised of principal and interest, in excess of property costs allowed
652 pursuant to section 17-311-52 of the regulations of Connecticut state
653 agencies, provided such debt service terms and amounts are
654 reasonable in relation to the useful life and the base value of the
655 property. For the fiscal year ending June 30, 1995, and any succeeding
656 fiscal year, the inflation adjustment made in accordance with
657 subsection (p) of section 17-311-52 of the regulations of Connecticut
658 state agencies shall not be applied to real property costs. For the fiscal
659 year ending June 30, 1996, and any succeeding fiscal year, the
660 allowance for real wage growth, as determined in accordance with
661 subsection (q) of section 17-311-52 of the regulations of Connecticut
662 state agencies, shall not be applied. For the fiscal year ending June 30,
663 1996, and any succeeding fiscal year, no rate shall exceed three
664 hundred seventy-five dollars per day unless the commissioner, in
665 consultation with the Commissioner of Mental Retardation,
666 determines after a review of program and management costs, that a
667 rate in excess of this amount is necessary for care and treatment of

668 facility residents. For the fiscal year ending June 30, 2002, rate period,
669 the Commissioner of Social Services shall increase the inflation
670 adjustment for rates made in accordance with subsection (p) of section
671 17-311-52 of the regulations of Connecticut state agencies to update
672 allowable fiscal year 2000 costs to include a three and one-half per cent
673 inflation factor. For the fiscal year ending June 30, 2003, rate period, the
674 commissioner shall increase the inflation adjustment for rates made in
675 accordance with subsection (p) of section 17-311-52 of the regulations
676 of Connecticut state agencies to update allowable fiscal year 2001 costs
677 to include a one and one-half per cent inflation factor, except that such
678 increase shall be effective November 1, 2002, and such facility rate in
679 effect for the fiscal year ending June 30, 2002, shall be paid for services
680 provided until October 31, 2002, except any facility that would have
681 been issued a lower rate effective July 1, 2002, than for the fiscal year
682 ending June 30, 2002, due to interim rate status or agreement with the
683 department shall be issued such lower rate effective July 1, 2002, and
684 have such rate updated effective November 1, 2002, in accordance with
685 applicable statutes and regulations. For the fiscal year ending June 30,
686 2004, rates in effect for the period ending June 30, 2003, shall remain in
687 effect, except any facility that would have been issued a lower rate
688 effective July 1, 2003, than for the fiscal year ending June 30, 2003, due
689 to interim rate status or agreement with the department shall be issued
690 such lower rate effective July 1, 2003. Effective July 1, 2004, each facility
691 shall receive a rate that is three-quarters of one per cent greater than
692 the rate in effect June 30, 2004.

693 (h) (1) For the fiscal year ending June 30, 1993, any residential care
694 home with an operating cost component of its rate in excess of one
695 hundred thirty per cent of the median of operating cost components of
696 rates in effect January 1, 1992, shall not receive an operating cost
697 component increase. For the fiscal year ending June 30, 1993, any
698 residential care home with an operating cost component of its rate that
699 is less than one hundred thirty per cent of the median of operating cost
700 components of rates in effect January 1, 1992, shall have an allowance
701 for real wage growth equal to sixty-five per cent of the increase

702 determined in accordance with subsection (q) of section 17-311-52 of
703 the regulations of Connecticut state agencies, provided such operating
704 cost component shall not exceed one hundred thirty per cent of the
705 median of operating cost components in effect January 1, 1992.
706 Beginning with the fiscal year ending June 30, 1993, for the purpose of
707 determining allowable fair rent, a residential care home with allowable
708 fair rent less than the twenty-fifth percentile of the state-wide
709 allowable fair rent shall be reimbursed as having allowable fair rent
710 equal to the twenty-fifth percentile of the state-wide allowable fair
711 rent. Beginning with the fiscal year ending June 30, 1997, a residential
712 care home with allowable fair rent less than three dollars and ten cents
713 per day shall be reimbursed as having allowable fair rent equal to
714 three dollars and ten cents per day. Property additions placed in
715 service during the cost year ending September 30, 1996, or any
716 succeeding cost year shall receive a fair rent allowance for such
717 additions as an addition to three dollars and ten cents per day if the
718 fair rent for the facility for property placed in service prior to
719 September 30, 1995, is less than or equal to three dollars and ten cents
720 per day. For the fiscal year ending June 30, 1996, and any succeeding
721 fiscal year, the allowance for real wage growth, as determined in
722 accordance with subsection (q) of section 17-311-52 of the regulations
723 of Connecticut state agencies, shall not be applied. For the fiscal year
724 ending June 30, 1996, and any succeeding fiscal year, the inflation
725 adjustment made in accordance with subsection (p) of section
726 17-311-52 of the regulations of Connecticut state agencies shall not be
727 applied to real property costs. Beginning with the fiscal year ending
728 June 30, 1997, minimum allowable patient days for rate computation
729 purposes for a residential care home with twenty-five beds or less shall
730 be eighty-five per cent of licensed capacity. Beginning with the fiscal
731 year ending June 30, 2002, for the purposes of determining the
732 allowable salary of an administrator of a residential care home with
733 sixty beds or less the department shall revise the allowable base salary
734 to thirty-seven thousand dollars to be annually inflated thereafter in
735 accordance with section 17-311-52 of the regulations of Connecticut
736 state agencies. The rates for the fiscal year ending June 30, 2002, shall

737 be based upon the increased allowable salary of an administrator,
738 regardless of whether such amount was expended in the 2000 cost
739 report period upon which the rates are based. Beginning with the fiscal
740 year ending June 30, 2000, the inflation adjustment for rates made in
741 accordance with subsection (p) of section 17-311-52 of the regulations
742 of Connecticut state agencies shall be increased by two per cent, and
743 beginning with the fiscal year ending June 30, 2002, the inflation
744 adjustment for rates made in accordance with subsection (c) of said
745 section shall be increased by one per cent. Beginning with the fiscal
746 year ending June 30, 1999, for the purpose of determining the
747 allowable salary of a related party, the department shall revise the
748 maximum salary to twenty-seven thousand eight hundred fifty-six
749 dollars to be annually inflated thereafter in accordance with section
750 17-311-52 of the regulations of Connecticut state agencies and
751 beginning with the fiscal year ending June 30, 2001, such allowable
752 salary shall be computed on an hourly basis and the maximum
753 number of hours allowed for a related party other than the proprietor
754 shall be increased from forty hours to forty-eight hours per work week.

755 (2) The commissioner shall, upon determining that a loan to be
756 issued to a residential care home by the Connecticut Housing Finance
757 Authority is reasonable in relation to the useful life and property cost
758 allowance pursuant to section 17-311-52 of the regulations of
759 Connecticut state agencies, allow actual debt service, comprised of
760 principal, interest and a repair and replacement reserve on the loan, in
761 lieu of allowed property costs whether actual debt service is higher or
762 lower than such allowed property costs.

763 (i) Notwithstanding the provisions of this section, the
764 Commissioner of Social Services shall establish a fee schedule for
765 payments to be made to chronic disease hospitals associated with
766 chronic and convalescent nursing homes to be effective on and after
767 July 1, 1995. The fee schedule may be adjusted annually beginning July
768 1, 1997, to reflect necessary increases in the cost of services.

769 Sec. 4. Section 4 of public act 01-8 of the June special session, as

770 amended by section 70 of public act 03-3 of the June 30 special session,
771 is repealed and the following is substituted in lieu thereof (*Effective*
772 *from passage*):

773 (a) The Department of Mental Health and Addiction Services, in
774 consultation with the Department of Social Services, shall conduct a
775 study concerning the implementation of adult rehabilitation services
776 under Medicaid. Not later than February 1, 2002, the departments shall
777 jointly submit a report of their findings and recommendations to the
778 Governor and to the joint standing committees of the General
779 Assembly having cognizance of matters relating to public health,
780 human services and appropriations and the budgets of state agencies,
781 in accordance with the provisions of section 11-4a. The report shall
782 include, but not be limited to, an implementation plan, a cost benefit
783 analysis and a description of the plan's impact on existing services.

784 (b) The Department of Mental Health and Addiction Services and
785 the Department of Social Services shall conduct a study concerning the
786 advisability of entering into an interagency agreement pursuant to
787 which the Department of Mental Health and Addiction Services would
788 provide clinical management of mental health services, including, but
789 not limited to, review and authorization of services, implementation of
790 quality assurance and improvement initiatives and provision of case
791 management services, for aged, blind or disabled adults enrolled in the
792 Medicaid program to the extent permitted under federal law. Not later
793 than February 1, 2002, the departments shall jointly submit a report of
794 their findings and recommendations to the Governor and to the joint
795 standing committees of the General Assembly having cognizance of
796 matters relating to public health, human services and appropriations
797 and the budgets of state agencies, in accordance with the provisions of
798 section 11-4a.

799 (c) The Commissioner of Social Services shall take such action as
800 may be necessary to amend the Medicaid state plan to provide for
801 coverage of optional adult rehabilitation services supplied by [various]
802 providers of mental health services [, pursuant to a contract with] or

803 substance abuse rehabilitation services for adults with serious and
804 persistent mental illness or who have alcoholism or other substance
805 abuse conditions, that are certified by the Department of Mental
806 Health and Addiction Services, [for adults with mental health needs
807 who are clients of said department.] For the fiscal years ending June
808 30, 2004, and June 30, 2005, up to three million dollars in each such
809 fiscal year of any moneys received by the state as federal
810 reimbursement for optional Medicaid adult rehabilitation services
811 shall be credited to the Community Mental Health Restoration
812 subaccount within the account established under section 17a-485 and
813 shall be available for use for the purposes of the subaccount. The
814 Commissioner of Social Services shall adopt regulations, in accordance
815 with the provisions of chapter 54, to implement optional rehabilitation
816 services under the Medicaid program. The commissioner shall
817 implement policies and procedures to administer such services while
818 in the process of adopting such policies or procedures in regulation
819 form, provided notice of intention to adopt the regulations is printed
820 in the Connecticut Law Journal within forty-five days of
821 implementation, and any such policies or procedures shall be valid
822 until the time final regulations are effective.

823 (d) The Commissioner of Mental Health and Addiction Services
824 shall have the authority to certify providers of mental health or
825 substance abuse rehabilitation services for adults with serious and
826 persistent mental illness or who have alcoholism or other substance
827 abuse conditions for the purpose of coverage of optional rehabilitation
828 services. The Commissioner of Mental Health and Addiction Services
829 shall adopt regulations, in accordance with the provisions of chapter
830 54, to implement certification of such providers. The commissioner
831 shall implement policies and procedures for purposes of such
832 certification while in the process of adopting such policies or
833 procedures in regulation form, provided notice of intention to adopt
834 the regulations is printed in the Connecticut Law Journal within
835 twenty days of implementation and any such policies and procedures
836 shall be valid until the time the regulations are effective.

837 Sec. 5. Subsection (d) of section 17b-112 of the general statutes, as
838 amended by section 1 of public act 03-28 and section 5 of public act 03-
839 268, is repealed and the following is substituted in lieu thereof
840 (*Effective from passage*):

841 (d) Under said program (1) no family shall be eligible that has total
842 gross earnings exceeding the federal poverty level, however, in the
843 calculation of the benefit amount for eligible families and previously
844 eligible families that become ineligible temporarily because of receipt
845 of workers' compensation benefits by a family member who
846 subsequently returns to work immediately after the period of receipt of
847 such benefits, earned income shall be disregarded up to the federal
848 poverty level; (2) the increase in benefits to a family in which an infant
849 is born after the initial ten months of participation in the program shall
850 be limited to an amount equal to fifty per cent of the average
851 incremental difference between the amounts paid per each family size;
852 and (3) a disqualification penalty shall be established for failure to
853 cooperate with the biometric identifier system. Except when
854 determining eligibility for a six-month extension of benefits pursuant
855 to subsection (c) of this section, the commissioner shall disregard the
856 first fifty dollars per month of income attributable to current child
857 support that a family receives in determining eligibility and benefit
858 levels for temporary family assistance. Any current child support in
859 excess of fifty dollars per month collected by the department on behalf
860 of an eligible child shall be considered in determining eligibility but
861 shall not be considered when calculating benefits and shall be taken as
862 reimbursement for assistance paid under this section, except that when
863 the current child support collected exceeds the family's monthly award
864 of Temporary Family Assistance benefits plus fifty dollars, the current
865 child support shall be paid to the family and shall be considered when
866 calculating benefits.

867 Sec. 6. Subsection (c) of section 17a-126 of the general statutes is
868 repealed and the following is substituted in lieu thereof (*Effective from*
869 *passage*):

870 (c) The subsidized guardianship program shall provide the
871 following subsidies for the benefit of any child in the care of a relative
872 caregiver who has been appointed the guardian or coguardian of the
873 child by any court of competent jurisdiction: (1) A special-need
874 subsidy, which shall be a lump sum payment for one-time expenses
875 resulting from the assumption of care of the child when no other
876 resource is available to pay for such expense; and (2) a medical subsidy
877 comparable to the medical subsidy to children in the subsidized
878 adoption program if the child lacks private health insurance or does
879 not qualify for coverage under the HUSKY Plan, Part A or Part B, for a
880 reason other than the failure to comply with a procedural requirement
881 necessary to establish or maintain eligibility for such coverage. The
882 subsidized guardianship program shall also provide a monthly
883 subsidy on behalf of the child payable to the relative caregiver that
884 shall be equal to the prevailing foster care rate. The commissioner may
885 establish an asset test for eligibility under the program.

886 Sec. 7. Subsection (b) of section 17a-50 of the general statutes is
887 repealed and the following is substituted in lieu thereof (*Effective from*
888 *passage*):

889 (b) There shall be established, within existing resources, a Children's
890 Trust Fund Council which shall be within the Department of Children
891 and Families for administrative purposes only. The council shall be
892 composed of sixteen members as follows: (1) The Commissioners of
893 [the Departments of] Social Services, Education, Children and Families
894 and Public Health, or their designees; (2) a representative of the
895 business community with experience in fund-raising, appointed by the
896 president pro tempore of the Senate; (3) a representative of the
897 business community with experience in fund-raising, appointed by the
898 speaker of the House of Representatives; (4) a representative of the
899 business community with experience in fund-raising, appointed by the
900 minority leader of the House of Representatives; (5) a representative of
901 the business community with experience in fund-raising, appointed by
902 the minority leader of the Senate; (6) a parent, appointed by the
903 majority leader of the House of Representatives; (7) a parent,

904 appointed by the majority leader of the Senate; (8) a parent, appointed
905 by the president pro tempore of the Senate; (9) a person with expertise
906 in child abuse prevention, appointed by the speaker of the House of
907 Representatives; (10) a person with expertise in child abuse prevention,
908 appointed by the minority leader of the House of Representatives; (11)
909 a staff member of a child abuse prevention program, appointed by the
910 minority leader of the Senate; (12) a staff member of a child abuse
911 prevention program, appointed by the majority leader of the House of
912 Representatives; and (13) a pediatrician, appointed by the majority
913 leader of the Senate. The council shall solicit and accept funds, on
914 behalf of the Children's Trust Fund, to be used for the prevention of
915 child abuse and neglect and family resource programs, or on behalf of
916 the Parent Trust Fund, to be used for parent community involvement
917 to improve the health, safety and education of children, and shall make
918 grants to programs pursuant to subsections (a) and (c) of this section.
919 The council may, subject to provisions of chapter 67, employ an
920 executive director and any necessary staff within available
921 appropriations.

922 Sec. 8. Subsection (b) of section 44 of public act 03-3 of the June 30
923 special session is repealed and the following is substituted in lieu
924 thereof (*Effective from passage*):

925 (b) A recipient of state-administered general assistance cash
926 assistance aggrieved by a decision of the Commissioner of Social
927 Services under the program operated pursuant to section 42 of [this
928 act] public act 03-3 of the June 30 special session may request a hearing
929 pursuant to section 17b-60, [but shall not be] and shall remain eligible
930 for the continuation of cash assistance pending a hearing decision.

931 Sec. 9. Section 1 of public act 03-1 of the September 8 special session
932 is repealed and the following is substituted in lieu thereof (*Effective*
933 *from passage*):

934 (a) For purposes of funding (1) the deficit in the General Fund
935 arising from the operations of the General Fund for the fiscal year

936 ending June 30, 2003, as reported by the Comptroller to the Governor
937 in accordance with section 3-115 of the general statutes, and (2) the
938 amount of funding required to pay any remaining retrospective
939 reimbursements billed by hospitals for inpatient and outpatient
940 services or other providers of medical services for services rendered to
941 recipients of medical assistance in the State Administered General
942 Assistance and General Assistance programs prior to the conversion of
943 such program pursuant to section 43 of public act 03-3 of the June 30
944 special session, the Treasurer is authorized to issue notes of the state in
945 an amount not to exceed the amount of such deficit and retrospective
946 reimbursements, and such additional amounts as may be required in
947 connection with the costs of issuance of such notes, and to deposit the
948 proceeds thereof in the General Fund.

949 (b) (1) The Comptroller is hereby authorized and directed to certify
950 to the Treasurer the amount of such deficit and the amount so certified
951 shall be conclusive evidence for the purpose of determining at the time
952 of issuance the amount of obligations which the Treasurer shall issue
953 pursuant to this section. (2) The Secretary of the Office of Policy and
954 Management is hereby authorized and directed to certify to the State
955 Treasurer the estimate of the amount of funding required to pay any
956 remaining retrospective reimbursements billed by hospitals for
957 inpatient and outpatient services or other providers of medical services
958 for services rendered to recipients of medical assistance in the State
959 Administered General Assistance and General Assistance programs
960 prior to the conversion of such program pursuant to section 43 of
961 public act 03-3 of the June 30 special session and the amount so
962 certified shall be conclusive evidence for the purpose of determining at
963 the time of issuance the amount of obligations which the Treasurer
964 shall issue pursuant to this section.

965 (c) The notes shall be designated economic recovery notes and shall
966 be issued on or after the effective date of this section, whenever the
967 Treasurer determines that the cash requirements of the General Fund
968 must be met by such borrowing and shall be scheduled so as to
969 minimize the need for additional temporary borrowing pursuant to

970 section 3-16 of the general statutes.

971 (d) All such notes shall be general obligations of the state and the
972 full faith and credit of the state of Connecticut are pledged for the
973 payment of the principal of and interest on said notes as the same shall
974 become due, and accordingly and as part of the contract of the state
975 with the holders of said notes, appropriation of all amounts necessary
976 for punctual payment of such principal and interest is hereby made,
977 and the Treasurer shall pay such principal and interest as the same
978 become due. All such notes shall be sold at not less than par and
979 accrued interest in such manner and on such terms as the Treasurer
980 may determine, in the best interest of the state, and shall be signed in
981 the name of the state and on its behalf by the Treasurer. All such notes
982 shall mature no later than five years after the date of issuance, in such
983 principal amounts and at such times, bear such date or dates, be
984 payable at such place or places, bear interest at such rate or different or
985 varying rates, payable at such time or times, be in such denominations,
986 be in such form with or without interest coupons attached, carry such
987 registration and transfer privileges, be payable in such medium of
988 payment, be subject to such terms of redemption with or without
989 premium and have such additional security, covenant or contract
990 provisions, including credit facilities which may include a letter of
991 credit or insurance policy from a commercial bank or insurance
992 company authorized to do business within or without the state, and
993 the necessary or appropriate provisions to ensure the exclusion of
994 interest on the notes from taxation under the Internal Revenue Code of
995 1986, or any subsequent corresponding internal revenue code of the
996 United States, as from time to time amended, as appropriate or
997 necessary to improve their marketability, as the Treasurer shall
998 determine prior to their issuance. Such notes shall be issued with only
999 interest payable in the state fiscal year of issuance. In connection with
1000 any such credit facility, the Treasurer may enter into any
1001 reimbursement agreements, remarketing agreements, standby
1002 purchase agreements or any other necessary or appropriate
1003 agreements securing or insuring such notes, on such terms and

1004 conditions as the Treasurer determines to be in the best interest of the
1005 state. In the event the credit facility is drawn upon to pay the principal
1006 of or interest on such notes, the full faith and credit of the state is
1007 pledged to the repayment of the amount so drawn and the Treasurer is
1008 authorized to include such pledge in any such agreement as part of the
1009 contract with the provider of such credit facility. The Treasurer shall
1010 apply any appropriation for the payment of such notes to such
1011 reimbursement repayment if such credit facility is drawn upon. Any
1012 expense incurred in connection with the initial issuance of the
1013 economic recovery notes shall be paid from the accrued interest and
1014 premiums or otherwise from the General Fund. All such notes, their
1015 transfer and the income therefrom, including any profit on the sale or
1016 transfer thereof, shall at all times be exempt from all taxation by the
1017 state or under its authority except for estate or succession taxes but the
1018 interest on such notes shall be included in the computation of any
1019 excise or franchise tax and are hereby made and declared to be (1) legal
1020 investments for savings banks and trustees unless otherwise provided
1021 in the instrument creating the trust, (2) securities in which all public
1022 officers and bodies, all insurance companies and associations and
1023 persons carrying on an insurance business, all banks, bankers, trust
1024 companies, savings banks and savings associations, including savings
1025 and loan associations, building and loan associations, investment
1026 companies and persons carrying on a banking or investment business,
1027 all administrators, guardians, executors, trustees and other fiduciaries
1028 and all persons whatsoever who are or may be authorized to invest in
1029 notes of the state, may properly and legally invest funds including
1030 capital in their control or belonging to them, and (3) securities which
1031 may be deposited with and shall be received by all public officers and
1032 bodies for any purpose for which the deposit of notes of the state is or
1033 may be authorized.

1034 (e) Notwithstanding any provision of law, for the purpose of
1035 determining at any time or times the position of the General Fund as of
1036 June 30, 2004, the Comptroller is authorized and directed to give effect
1037 to and to show the funding of the General Fund deficit as of June 30,

2003, as certified and provided for in this section in an amount equal to the principal amount of the notes issued and deposited in the General Fund, provided the notes authorized in this section have been so issued prior to such time or times of determination, it being hereby declared to be the intent and purpose of this section to provide for the General Fund deficit as of June 30, 2003, by the funding thereof through the issuance of the notes.

(f) An amount equal to the amount certified by the Secretary of the Office of Policy and Management for retrospective reimbursements shall be credited to the State Administered General Assistance account in the Department of Social Services for the fiscal [year] years ending June 30, 2004, and June 30, 2005. Such amount shall be available to the department to pay such retrospective reimbursement claims received during the fiscal [year] years ending June 30, 2004, and June 30, 2005.

Sec. 10. Section 17b-289 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Sections 17b-289 to 17b-303, inclusive, as amended by this act, and section 16 of public act 97-1 of the October 29 special session* shall be known as the "HUSKY and HUSKY Plus Act".

(b) [Children] Medicaid recipients who are pregnant women or newborns or other children and their eligible parents or caretaker relatives receiving assistance under section 17b-261, as amended by this act, shall be participants in the HUSKY Plan, Part A. [and children] Children receiving assistance under sections 17b-289 to 17b-303, inclusive, as amended by this act, and section 16 of public act 97-1 of the October 29 special session* shall be participants in the HUSKY Plan, Part B. For purposes of marketing and outreach, both parts shall be known as the HUSKY Plan.

Sec. 11. Section 17b-290 of the general statutes, as amended by section 73 of public act 03-3 of the June 30 special session, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

1069 As used in sections 17b-289 to 17b-303, inclusive, as amended by
1070 this act, section 72 of [this act] public act 03-3 of the June 30 special
1071 session, as amended by this act, and section 16 of public act 97-1 of the
1072 October 29 special session*:

1073 (1) "Applicant" means an individual over the age of eighteen years
1074 who is a natural or adoptive parent or a legal guardian; a caretaker
1075 relative, foster parent or stepparent with whom the child resides; or a
1076 noncustodial parent under order of a court or family support
1077 magistrate to provide health insurance, who applies for coverage
1078 under the HUSKY Plan, Part B on behalf of a child and shall include a
1079 child who is eighteen years of age or emancipated in accordance with
1080 the provisions of sections 46b-150 to 46b-150e, inclusive, and who is
1081 applying on his own behalf or on behalf of a minor dependent for
1082 coverage under such plan;

1083 (2) "Child" means an individual under nineteen years of age;

1084 (3) "Coinsurance" means the sharing of health care expenses by the
1085 insured and an insurer in a specified ratio;

1086 (4) "Commissioner" means the Commissioner of Social Services;

1087 (5) "Copayment" means a payment made on behalf of an enrollee for
1088 a specified service under the HUSKY Plan, Part B;

1089 (6) "Cost sharing" means arrangements made on behalf of an
1090 enrollee whereby an applicant pays a portion of the cost of health
1091 services, sharing costs with the state and includes copayments,
1092 premiums, deductibles and coinsurance;

1093 (7) "Deductible" means the amount of out-of-pocket expenses that
1094 would be paid for health services on behalf of an enrollee before
1095 becoming payable by the insurer;

1096 (8) "Department" means the Department of Social Services;

1097 (9) "Durable medical equipment" means durable medical

1098 equipment, as defined in Section 1395x(n) of the Social Security Act;

1099 (10) "Eligible beneficiary" means a child who meets the
1100 requirements specified in section 17b-292, as amended by this act,
1101 except a child excluded under the provisions of Subtitle J of Public
1102 Law 105-33 or a child of any municipal employee eligible for
1103 employer-sponsored insurance on or after October 30, 1997, provided a
1104 child of such a municipal employee may be eligible for coverage under
1105 the HUSKY Plan, Part B if dependent coverage was terminated due to
1106 an extreme economic hardship on the part of the employee, as
1107 determined by the commissioner;

1108 (11) "Enrollee" means an eligible beneficiary who receives services
1109 from a managed care plan under the HUSKY Plan, Part B;

1110 (12) "Family" means any combination of the following: (A) An
1111 individual; (B) the individual's spouse; (C) any child of the individual
1112 or such spouse; or (D) the legal guardian of any such child if the
1113 guardian resides with the child;

1114 (13) "HUSKY Plan, Part A" means assistance provided to pregnant
1115 women, newborns and other children and their eligible parents and
1116 caretaker relatives pursuant to section 17b-261, as amended by this act,
1117 who are enrolled in a managed care organization for receipt of
1118 Medicaid services;

1119 (14) "HUSKY Plan, Part B" means the health insurance plan for
1120 children established pursuant to the provisions of sections 17b-289 to
1121 17b-303, inclusive, as amended by this act, and section 16 of public act
1122 97-1 of the October 29 special session*;

1123 (15) "HUSKY Plus programs" means two supplemental health
1124 insurance programs established pursuant to section 17b-294 for
1125 medically eligible enrollees of the HUSKY Plan, Part B whose medical
1126 needs cannot be accommodated within the basic benefit package
1127 offered to enrollees. One program shall supplement coverage for those
1128 medically eligible enrollees with intensive physical health needs and

1129 the other program shall supplement coverage for those medically
1130 eligible enrollees with intensive behavioral health needs;

1131 (16) "Income" means income as calculated in the same manner as
1132 under the Medicaid program pursuant to section 17b-261, as amended
1133 by this act;

1134 (17) "Managed care plan" means a plan offered by an entity that
1135 contracts with the department to provide benefits to enrollees on a
1136 prepaid basis;

1137 (18) "Parent" means a natural parent, stepparent, adoptive parent,
1138 guardian or custodian of a child;

1139 (19) "Premium" means any required payment made by an
1140 individual to offset or pay in full the capitation rate under the HUSKY
1141 Plan, Part B;

1142 (20) "Preventive care and services" means: (A) Child preventive
1143 care, including periodic and interperiodic well-child visits, routine
1144 immunizations, health screenings and routine laboratory tests; (B)
1145 prenatal care, including care of all complications of pregnancy; (C) care
1146 of newborn infants, including attendance at high-risk deliveries and
1147 normal newborn care; (D) WIC evaluations; (E) child abuse assessment
1148 required under sections 17a-106a and 46b-129a; (F) preventive dental
1149 care for children; and (G) periodicity schedules and reporting based on
1150 the standards specified by the American Academy of Pediatrics;

1151 (21) "Primary and preventive health care services" means the
1152 services of licensed physicians, optometrists, nurses, nurse
1153 practitioners, midwives and other related health care professionals
1154 which are provided on an outpatient basis, including routine well-
1155 child visits, diagnosis and treatment of illness and injury, laboratory
1156 tests, diagnostic x-rays, prescription drugs, radiation therapy,
1157 chemotherapy, hemodialysis, emergency room services, and outpatient
1158 alcohol and substance abuse services, as defined by the commissioner;

1159 (22) "Qualified entity" means any entity: (A) Eligible for payments
1160 under a state plan approved under Medicaid and which provides
1161 medical services under the HUSKY Plan, Part A, or (B) that is a
1162 qualified entity, as defined in 42 USC 1396r-1a, as amended by Section
1163 708 of Public Law 106-554 and that is determined by the commissioner
1164 to be capable of making the determination of eligibility. The
1165 commissioner shall provide qualified entities with such forms as are
1166 necessary for an application to be made on behalf of a child under the
1167 HUSKY Plan, Part A and information on how to assist parents,
1168 guardians and other persons in completing and filing such forms;

1169 (23) "WIC" means the federal Special Supplemental Food Program
1170 for Women, Infants and Children administered by the Department of
1171 Public Health pursuant to section 19a-59c.

1172 Sec. 12. Subsection (a) of section 17b-239 of the general statutes is
1173 repealed and the following is substituted in lieu thereof (*Effective July*
1174 *1, 2004*):

1175 (a) The rate to be paid by the state to hospitals receiving
1176 appropriations granted by the General Assembly and to freestanding
1177 chronic disease hospitals, providing services to persons aided or cared
1178 for by the state for routine services furnished to state patients, shall be
1179 based upon reasonable cost to such hospital, or the charge to the
1180 general public for ward services or the lowest charge for semiprivate
1181 services if the hospital has no ward facilities, imposed by such
1182 hospital, whichever is lowest, except to the extent, if any, that the
1183 commissioner determines that a greater amount is appropriate in the
1184 case of hospitals serving a disproportionate share of indigent patients.
1185 Such rate shall be promulgated annually by the Commissioner of
1186 Social Services. Nothing contained herein shall authorize a payment by
1187 the state for such services to any such hospital in excess of the charges
1188 made by such hospital for comparable services to the general public.
1189 Notwithstanding the provisions of this section, for the rate period
1190 beginning July 1, 2000, rates paid to freestanding chronic disease
1191 hospitals and freestanding psychiatric hospitals shall be increased by

1192 three per cent. For the rate period beginning July 1, 2001, a
 1193 freestanding chronic disease hospital or freestanding psychiatric
 1194 hospital shall receive a rate that is two and one-half per cent more than
 1195 the rate it received in the prior fiscal year and such rate shall remain
 1196 effective until December 31, 2002. Effective January 1, 2003, a
 1197 freestanding chronic disease hospital or freestanding psychiatric
 1198 hospital shall receive a rate that is two per cent more than the rate it
 1199 received in the prior fiscal year. Notwithstanding the provisions of this
 1200 subsection, for the period commencing July 1, 2001, and ending June
 1201 30, 2003, the commissioner may pay an additional total of no more
 1202 than three hundred thousand dollars annually for services provided to
 1203 long-term ventilator patients. For purposes of this subsection, "long-
 1204 term ventilator patient" means any patient at a freestanding chronic
 1205 disease hospital on a ventilator for a total of sixty days or more in any
 1206 consecutive twelve-month period. Effective July 1, 2004, each
 1207 freestanding chronic disease hospital shall receive a rate that is two per
 1208 cent more than the rate it received in the prior fiscal year.

1209 Sec. 13. Subsection (g) of section 17b-239 of the general statutes, as
 1210 amended by section 68 of public act 03-3 of the June 30 special session,
 1211 is repealed and the following is substituted in lieu thereof (*Effective July*
 1212 *1, 2004*):

1213 (g) Effective June 1, 2001, the commissioner shall establish inpatient
 1214 hospital rates in accordance with the method specified in regulations
 1215 adopted pursuant to this section and applied for the rate period
 1216 beginning October 1, 2000, except that the commissioner shall update
 1217 each hospital's target amount per discharge to the actual allowable cost
 1218 per discharge based upon the 1999 cost report filing multiplied by
 1219 sixty-two and one-half per cent if such amount is higher than the target
 1220 amount per discharge for the rate period beginning October 1, 2000, as
 1221 adjusted for the ten per cent incentive identified in Section 4005 of
 1222 Public Law 101-508. If a hospital's rate is increased pursuant to this
 1223 subsection, the hospital shall not receive the ten per cent incentive
 1224 identified in Section 4005 of Public Law 101-508. For rate periods
 1225 beginning October 1, 2001, through September 30, [2005] 2004, the

1226 commissioner shall not apply an annual adjustment factor to the target
1227 amount per discharge. Effective October 1, 2004, the revised target
1228 amount per discharge for each hospital with a target amount per
1229 discharge less than three thousand seven hundred fifty dollars shall be
1230 three thousand seven hundred fifty dollars. Effective October 1, 2005,
1231 the revised target amount per discharge for each hospital with a target
1232 amount per discharge less than four thousand dollars shall be four
1233 thousand dollars. Effective October 1, 2006, the revised target amount
1234 per discharge for each hospital with a target amount per discharge less
1235 than four thousand two hundred fifty dollars shall be four thousand
1236 two hundred fifty dollars.

1237 Sec. 14. Subsection (g) of section 17b-340 of the general statutes, as
1238 amended by section 45 of public act 03-19 and section 50 of public act
1239 03-3 of the June 30 special session, is repealed and the following is
1240 substituted in lieu thereof (*Effective July 1, 2004*):

1241 (g) For the fiscal year ending June 30, 1993, any intermediate care
1242 facility for the mentally retarded with an operating cost component of
1243 its rate in excess of one hundred forty per cent of the median of
1244 operating cost components of rates in effect January 1, 1992, shall not
1245 receive an operating cost component increase. For the fiscal year
1246 ending June 30, 1993, any intermediate care facility for the mentally
1247 retarded with an operating cost component of its rate that is less than
1248 one hundred forty per cent of the median of operating cost
1249 components of rates in effect January 1, 1992, shall have an allowance
1250 for real wage growth equal to thirty per cent of the increase
1251 determined in accordance with subsection (q) of section 17-311-52 of
1252 the regulations of Connecticut state agencies, provided such operating
1253 cost component shall not exceed one hundred forty per cent of the
1254 median of operating cost components in effect January 1, 1992. Any
1255 facility with real property other than land placed in service prior to
1256 October 1, 1991, shall, for the fiscal year ending June 30, 1995, receive a
1257 rate of return on real property equal to the average of the rates of
1258 return applied to real property other than land placed in service for the
1259 five years preceding October 1, 1993. For the fiscal year ending June 30,

1260 1996, and any succeeding fiscal year, the rate of return on real property
1261 for property items shall be revised every five years. The commissioner
1262 shall, upon submission of a request, allow actual debt service,
1263 comprised of principal and interest, in excess of property costs allowed
1264 pursuant to section 17-311-52 of the regulations of Connecticut state
1265 agencies, provided such debt service terms and amounts are
1266 reasonable in relation to the useful life and the base value of the
1267 property. For the fiscal year ending June 30, 1995, and any succeeding
1268 fiscal year, the inflation adjustment made in accordance with
1269 subsection (p) of section 17-311-52 of the regulations of Connecticut
1270 state agencies shall not be applied to real property costs. For the fiscal
1271 year ending June 30, 1996, and any succeeding fiscal year, the
1272 allowance for real wage growth, as determined in accordance with
1273 subsection (q) of section 17-311-52 of the regulations of Connecticut
1274 state agencies, shall not be applied. For the fiscal year ending June 30,
1275 1996, and any succeeding fiscal year, no rate shall exceed three
1276 hundred seventy-five dollars per day unless the commissioner, in
1277 consultation with the Commissioner of Mental Retardation,
1278 determines after a review of program and management costs, that a
1279 rate in excess of this amount is necessary for care and treatment of
1280 facility residents. For the fiscal year ending June 30, 2002, rate period,
1281 the Commissioner of Social Services shall increase the inflation
1282 adjustment for rates made in accordance with subsection (p) of section
1283 17-311-52 of the regulations of Connecticut state agencies to update
1284 allowable fiscal year 2000 costs to include a three and one-half per cent
1285 inflation factor. For the fiscal year ending June 30, 2003, rate period, the
1286 commissioner shall increase the inflation adjustment for rates made in
1287 accordance with subsection (p) of section 17-311-52 of the regulations
1288 of Connecticut state agencies to update allowable fiscal year 2001 costs
1289 to include a one and one-half per cent inflation factor, except that such
1290 increase shall be effective November 1, 2002, and such facility rate in
1291 effect for the fiscal year ending June 30, 2002, shall be paid for services
1292 provided until October 31, 2002, except any facility that would have
1293 been issued a lower rate effective July 1, 2002, than for the fiscal year
1294 ending June 30, 2002, due to interim rate status or agreement with the

1295 department shall be issued such lower rate effective July 1, 2002, and
1296 have such rate updated effective November 1, 2002, in accordance with
1297 applicable statutes and regulations. For the fiscal year ending June 30,
1298 2004, rates in effect for the period ending June 30, 2003, shall remain in
1299 effect, except any facility that would have been issued a lower rate
1300 effective July 1, 2003, than for the fiscal year ending June 30, 2003, due
1301 to interim rate status or agreement with the department shall be issued
1302 such lower rate effective July 1, 2003. [Effective July 1, 2004, each
1303 facility shall receive a rate that is three-quarters of one per cent greater
1304 than the rate in effect June 30, 2004.] For the fiscal year ending June 30,
1305 2005, rates in effect for the period ending June 30, 2004, shall remain in
1306 effect until September 30, 2004. Effective October 1, 2004, each facility
1307 shall receive a rate that is five per cent greater than the rate in effect
1308 September 30, 2004.

1309 Sec. 15. Subsection (a) of section 17b-365 of the general statutes is
1310 repealed and the following is substituted in lieu thereof (*Effective from*
1311 *passage*):

1312 (a) The Commissioner of Social Services may, within available
1313 appropriations, establish and operate a pilot program to allow [not
1314 more than fifty persons] individuals to receive assisted living services,
1315 provided by an assisted living services agency licensed by the
1316 Department of Public Health in accordance with chapter 368v. In order
1317 to be eligible for the program, a person shall: (1) Reside in a managed
1318 residential community, as defined by the regulations of the
1319 Department of Public Health; (2) be ineligible to receive assisted living
1320 services under any other assisted living pilot program established by
1321 the General Assembly; and (3) be eligible for services under the
1322 Medicaid waiver portion of the Connecticut home-care program for
1323 the elderly established under section 17b-342. The total number of
1324 individuals enrolled in said pilot program, when combined with the
1325 total number of individuals enrolled in the pilot program established
1326 pursuant to section 17b-366, as amended by this act, shall not exceed
1327 seventy-five individuals. The Commissioner of Social Services shall
1328 use the current Medicaid rules under 42 USC 1396p(c), as from time to

1329 time amended.

1330 Sec. 16. Subsection (a) of section 17b-366 of the general statutes is
1331 repealed and the following is substituted in lieu thereof (*Effective from*
1332 *passage*):

1333 (a) The Commissioner of Social Services may, within available
1334 appropriations, establish and operate a pilot program to allow [not
1335 more than twenty-five persons] individuals to receive assisted living
1336 services, provided by an assisted living services agency licensed by the
1337 Department of Public Health, in accordance with chapter 368v. In
1338 order to be eligible for the pilot program, a person shall: (1) Reside in a
1339 managed residential community, as defined by the regulations of the
1340 Department of Public Health; (2) be ineligible to receive assisted living
1341 services under any other assisted living pilot program established by
1342 the General Assembly; and (3) be eligible for services under the state-
1343 funded portion of the Connecticut home-care program for the elderly
1344 established under section 17b-342. The total number of individuals
1345 enrolled in said pilot program, when combined with the total number
1346 of individuals enrolled in the pilot program established pursuant to
1347 section 17b-365, as amended by this act, shall not exceed seventy-five
1348 individuals. The Commissioner of Social Services shall use the current
1349 Medicaid rules under 42 USC 1396p(c), as from time to time amended.

1350 Sec. 17. (NEW) (*Effective from passage*) (a) Notwithstanding any
1351 provision of the general statutes or any special act, the Commissioner
1352 of Veterans' Affairs, on behalf of any facility operated by the
1353 commissioner and established by the state for the care of veterans, may
1354 apply to the Department of Public Health for: (1) A license for a
1355 chronic and convalescent nursing home, as defined in section 19a-521
1356 of the general statutes; (2) a license for a rest home with nursing
1357 supervision, as defined in section 19a-521 of the general statutes; or (3)
1358 a license for an assisted living services agency, as defined in section
1359 19a-490 of the general statutes, as amended.

1360 (b) Notwithstanding any provision of the general statutes or any

1361 special act, in the event the commissioner applies for a license under
1362 subsection (a) of this section, the Veterans Home and Hospital may
1363 retain such home and hospital's chronic disease hospital license.

1364 (c) The Department of Public Health shall process an application for
1365 any license submitted under subsection (a) of this section in an
1366 expedited manner.

1367 (d) Notwithstanding the provisions of chapter 319y of the general
1368 statutes and the regulations of Connecticut state agencies, any
1369 Veterans' Home and Hospital project undertaken pursuant to a license
1370 application as provided in subsection (a) of this section shall not be
1371 subject to certificate of need application and approval requirements
1372 applicable to nursing home services, including beds, additions and
1373 capital expenditures.

1374 (e) Notwithstanding any provision of the general statutes or any
1375 special act, the Veterans' Home and Hospital project undertaken
1376 pursuant to a license application as provided in subsection (a) of this
1377 section shall be exempt from the requirements for approval of a
1378 request or application provided for in section 19a-638 of the general
1379 statutes, as amended.

1380 Sec. 18. Section 65 of public act 03-3 of the June 30 special session is
1381 amended to read as follows (*Effective from passage*):

1382 [For the fiscal year ending June 30, 2004, the sum of two hundred
1383 eighty-three thousand dollars shall be disbursed from the nonlapsing
1384 account maintained pursuant to subsection (c) of section 10-303 of the
1385 general statutes, as amended by this act, for the purpose of retiring
1386 obligations associated with the contract for tee shirts manufactured by
1387 the Industries program, and not] Not more than five hundred
1388 thousand dollars shall be disbursed from [said account] the nonlapsing
1389 account maintained pursuant to subsection (c) of section 10-303, as
1390 amended, for the purpose of funding competitive employment or
1391 sheltered employment of blind and visually impaired adults.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>
Sec. 5	<i>from passage</i>
Sec. 6	<i>from passage</i>
Sec. 7	<i>from passage</i>
Sec. 8	<i>from passage</i>
Sec. 9	<i>from passage</i>
Sec. 10	<i>from passage</i>
Sec. 11	<i>from passage</i>
Sec. 12	<i>July 1, 2004</i>
Sec. 13	<i>July 1, 2004</i>
Sec. 14	<i>July 1, 2004</i>
Sec. 15	<i>from passage</i>
Sec. 16	<i>from passage</i>
Sec. 17	<i>from passage</i>
Sec. 18	<i>from passage</i>

HS

Joint Favorable Subst. C/R

APP